

House Amendment 1255

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1 1 Amend House File 617 as follows:
1 2 #1. Page 1, line 24, by striking the words <an
1 3 additional surety bond> and inserting the following:
1 4 <evidence of financial responsibility>.
1 5 #2. Page 1, line 25, by inserting before the word
1 6 <renewed> the following: <issued or>.
1 7 #3. Page 1, line 30, by inserting after the figure
1 8 <163.30.> the following: 1 9 include a person who operates a livestock market, as
1 10 defined in section 459.102.>
1 11 #4. Page 1, by inserting after line 34, the
1 12 following:
1 13 <____. "Financial institution" means a bank or
1 14 savings and loan association authorized by this state
1 15 or by the laws of the United States, which is a member
1 16 of the federal deposit insurance corporation or the
1 17 federal savings and loan insurance corporation.>
1 18 #5. Page 2, by inserting after line 3, the
1 19 following:
1 20 <____. "Sales agreement" means an oral or written
1 21 contract executed between a dealer and a purchaser for
1 22 the sale of feeder pigs.>
1 23 #6. By striking page 2, line 4, through page 3,
1 24 line 11, and inserting the following:
1 25 NEW SECTION. 202C.2 EVIDENCE OF
1 26 FINANCIAL RESPONSIBILITY == REQUIREMENTS.
1 27 1. A dealer shall provide the department with
1 28 evidence of financial responsibility as required by
1 29 the department. The evidence of financial
1 30 responsibility shall consist of a surety bond
1 31 furnished by a surety or an irrevocable letter of
1 32 credit issued by a financial institution.
1 33 2. The evidence of financial responsibility shall
1 34 be provided to the department before the dealer's
1 35 license is issued or renewed pursuant to section
1 36 163.30.
1 37 3. The amount of the evidence of financial
1 38 responsibility shall be established by rules which
1 39 shall be adopted by the department. Unless the
1 40 department otherwise has good cause, the rules shall
1 41 be based upon the volume of sales reported by the
1 42 dealer to the United States packers and stockyards
1 43 administration. However, the evidence of financial
1 44 responsibility shall not be for less than fifty
1 45 thousand dollars or for more than three hundred
1 46 thousand dollars.
1 47 4. The evidence of financial responsibility must
1 48 be conditioned upon the dealer's faithful performance
1 49 of the terms and conditions of the sales agreement.
1 50 The surety's or issuer's liability extends to each
2 1 such sales agreement executed while the surety bond or
2 2 letter of credit is in force and until performance or
2 3 the rescission of the sales agreement.
2 4 5. The evidence of financial responsibility shall
2 5 be continuous in nature until canceled by the surety
2 6 or issuer. The surety or issuer shall provide at
2 7 least ninety days' notice in writing to the dealer and
2 8 the department indicating the surety's or issuer's
2 9 intent to cancel the surety bond or letter of credit
2 10 and the effective date of the cancellation. The
2 11 dealer shall have sixty days from the date of receipt
2 12 of the surety's or issuer's notice of cancellation to
2 13 file a replacement. However, the surety or issuer
2 14 remains liable for damages arising from sales
2 15 agreements which were executed during the effective
2 16 period of the evidence of financial responsibility.
2 17 Sec. ____. NEW SECTION. 202C.3 SURETY OR ISSUER
2 18 == LIABILITY.
2 19 1. The purchaser may bring a legal action arising
2 20 from the breach of a sales agreement against the
2 21 surety on the bond or issuer on the irrevocable letter
2 22 of credit in the purchaser's own name in district
2 23 court to recover any damages as allowed by law. The
2 24 purchaser may also be awarded interest as determined
2 25 pursuant to section 668.13, beginning from the date

2 26 that the sales agreement was executed. The purchaser
2 27 may also be awarded court costs and reasonable
2 28 attorney fees, which shall be taxed as part of the
2 29 costs of the legal action.
2 30 2. The aggregate liability of the surety or issuer
2 31 due to a breach of a sales agreement shall not exceed
2 32 the amount of the evidence of financial
2 33 responsibility.
2 34 Sec. _____. NEW SECTION. 202C.4 DEPARTMENTAL
2 35 RULES.
2 36 The department shall adopt rules as required to
2 37 administer this chapter, including but not limited to
2 38 rules providing for amounts of evidence of financial
2 39 responsibility, qualifications for a surety or
2 40 financial institution, procedures for filing evidence
2 41 of financial responsibility, including replacement
2 42 bonds or letters of credit, requirements for the
2 43 cancellation of the evidence of financial
2 44 responsibility, and the liability of a surety or
2 45 issuer after cancellation.>
2 46 #7. Title page, line 1, by striking the words 2 47 surety bond> and inserting the
following: 2 48 of financial responsibility>.
2 49 #8. By renumbering as necessary.
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3 2
3 3 GREINER of Washington
3 4 HF 617.701 80
3 5 da/cl